

A CONSUMER STUDY OF SUPERMARKET CHAINS BY THE NEWARK N.A.A.C.P.

DEC. 1968



LEGEND

- ACME
- ▲ A & P
- ★ FOOD FAIR
- ⊛ GOOD DEAL
- UNITED FOODTOWN

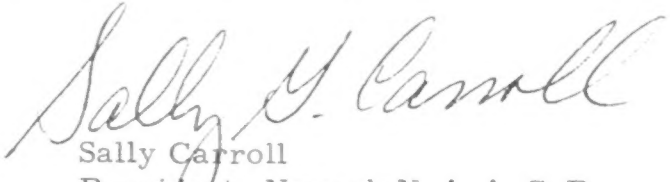




The Newark Branch of the National Association for the Advancement of Colored People (N. A. A. C. P.) received its charter on July 14, 1914 with the charged responsibility,

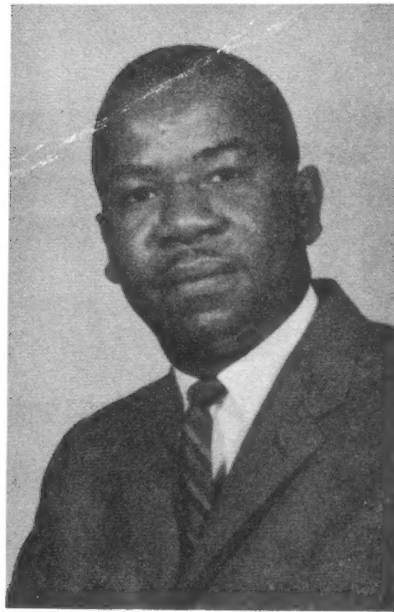
To uplift the colored men and women of this (community and) country by securing to them the full enjoyment of their rights as citizens, justice in all courts, and equality of opportunity everywhere.

In conducting Newark's first in-depth food price survey, Curtis J. Way, the N. A. A. C. P. Urban Program Director, the Consumer Education Committee members, (Bernice Cole, Thelma Collier, Beverly Copeland, Carol Hertweck, Linda Holmes, Debra McKinney, Dorissa Rich, Hildegrade Rose, Lillie Rose, and Geraldine Smith) accepted that challenge and to them, the N. A. A. C. P. Newark Branch, the community, and I are indeed grateful.


Sally Carroll
President, Newark N. A. A. C. P.

EQUALITY OF OPPORTUNITY EVERYWHERE

.....FOODSTORES TOO.



Curtis J. Way
Urban Program Director
Newark Branch N.A.A.C.P.

INTENT OF THE STUDY

In our handling of numerous consumer complaints yearly, we have found wide-spread belief that price gouging is very prevalent in Newark.

The N. A. A. C. P. found that there were no Newark studies available to support this ever-growing charge and thus, we attempted, at least for the food shopper, to document this allegation.

We selected chain supermarkets and food items because deprivation and hunger are sociologically traceable to the higher rates of anti-social behavior recorded in the center cities. We felt that if chain stores were guilty of prejudicial pricing, the N. A. A. C. P. definitely had grounds for immediate action.

DESCRIPTIONS OF STUDY

A supermarket representing each of five chains was selected in the Newark area. Five suburban supermarkets were also chosen, one for each of the five selected chains. Markets in central Newark were chosen with the hope that those in the heart of the ghetto would consequently display the worst abuses in terms of pricing and qualitative offering.

CENTRAL CITY CONSUMER: BACKGROUND

The low income consumers in our society face problems to which no other group is subjected. For instance, repeatedly during the

last three years charges have been made by many groups that the cost of food in our central cities is higher than comparable commodities in the suburbs.

This charge has been the subject of numerous studies, investigations and reports by federal and local government agencies, local civic organizations, universities, radio and T.V. stations, newspapers and private citizens throughout the nation. Although none have been done in Newark, studies representing the work of these groups generally indicate that food prices are approximately equal in high and low income area stores.

(see appendix #2 page 18)

Exceptions to this general pattern can be found in the report by Congressman Benjamin Rosenthal of New York, who received testimony in Washington, D.C. from individuals and groups representative of various parts of the nation. One specific statement was read by Mrs. Joan Foster Dames, a reporter for the St. Louis Post-Dispatch. Representing her paper, she formalized a list of 13 items, half of which were staples and half of which were produce, meats and dairy. The same chains were

shopped on the same day for the same food list. The difference in the staple items was noted, and in meat, dairy and produce where quality is a factor in the dollar buy, samples were purchased and brought back to the newspaper for inspection. Her analysis revealed that five of the 13 items were priced higher at the inner city stores, and five of the items from the inner city stores were of lower quality.

However, at these same hearings, another statement was made by Arthur Rose, Commissioner of Labor Statistics, Department of Labor in prices charged by food stores located in low income areas versus those charged by stores in higher income areas was found when the same types of stores and items were compared. However, he agreed that stores located in low income areas and meats and produce did not appear as fresh.

In general, the majority of report findings and studies found no evidence that the chains and affiliates deliberately priced at higher levels to the poor. Where the poor pay more for food, they tend to do so because:

1. there are fewer, large-sized store alternatives in the low income areas.
2. small independent neighborhood store costs and expenses are higher.
3. many of the poor lack mobility to shop in markets outside the low income areas.

4. the poor lack funds to taking advantage of specials or buying "economy" size packages.
5. the poor lack the training necessary to obtain the maximum utility from food products both in terms of nutrition and personal satisfaction.

APPLICATION OF PREVIOUS FINDINGS TO NEWARK AND SUBURBAN AREAS

This survey was launched to test the allegation by Newark residents that the poor pay more in Newark supermarket chains than their suburban neighbors in suburban markets. This study did not seek to investigate problems of clothing, household furnishings or credit purchases but concentrated solely on the cost of food purchase and the quality of that food in major supermarket chains. Members of the Newark N. A. A. C. P. became involved because information was not available to answer the queries (of local shoppers) as to whether food price gouging existed in Newark.

Our hypothesis: There is a significant difference in prices, quality of merchandise and quality of service offered by supermarket chains located in suburban areas versus those offered by the same chains located in the inner city.

SELECTION OF SHOPPERS

Shoppers or participants were selected on the basis of availability and interest. All were members and volunteers from the Newark Branch of the N. A. A. C. P.

QUESTIONNAIRES

The items of the questionnaire (pricing section) were selected by asking fourteen individuals (representing both city and suburban residents) , to submit a weekly grocery list. In a group meeting, these same individuals came to an agreement on which items were to comprise the items on the final list. In addition, open ended questions were developed as a means of commenting on the quality and quantity of the merchandise in the stores. From December 11 through December 16, 1968, the questionnaires were used to collect data. Simultaneously, the Newark Evening News and the Newark Star Ledger supermarket advertisements from the studied chains were clipped and compared to our findings.

FINDINGS

1. The average price for all five inner-city grocery lists was found to be \$81.61. The average price for all suburban markets was found to be \$81.72.
2. By comparing the obtained price and the price on the same item advertised in the newspaper, it was found that in a number of cases, checked prices were higher than advertised prices. For example, a maximum of nine of our shopping list items were advertised by one of our selected chains (A&P). In the suburban shop, four cases were found to be priced higher, while in the city, five cases were found were found to be higher.
3. In addition, the discrepancy between market price and advertised price occurred most often on staple items such as butter, eggs, bread, etc. which tend to be required in order to have a nutritious diet.
4. In the majority of instances the city stores were rated lower than the suburban stores for cleanliness standards, quality of merchandise, efficiency of help, quantity of merchandise and attractiveness of displays.
5. It was found that in many of the city stores, there were (a) an insufficient number of carriages or carts, (b) unmarked items

on the shelves, and (c) too many products left on the floor.

CONCLUSIONS

1. There is no significant difference between the cost of food (see computation page) offered for sale by supermarkets in the suburbs and in Newark.
2. There is, however, a qualitative difference in merchandise and service.
3. From the questionnaire responses obtained, it appears that female shoppers tend to be highly sensitive to the sanitary conditions in supermarkets.
4. There is a frequent discrepancy in the purveyor's favor, between the advertised price of an item and the marked price. Although a register clerk may be instructed to mark the item down as the shopper checks out, wide margin for error remains, especially during rush hours.

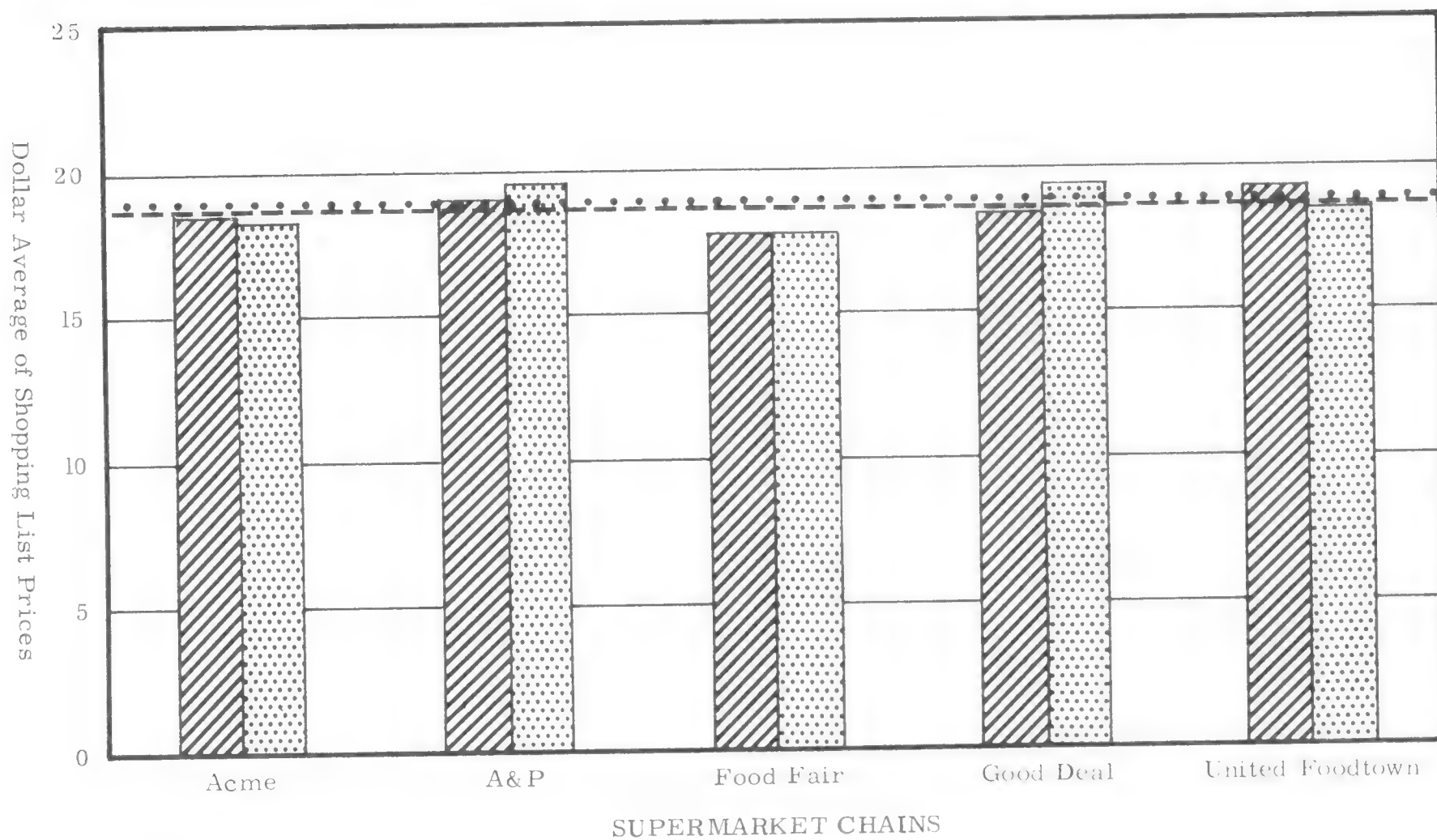
RECOMMENDATIONS

It is suggested:

1. That any further studies in this area expand to include all supermarkets and other food stores in the city of Newark.

2. That survey instrument be developed to study in a greater depth, the qualitative differences found in this study between the city/suburban markets.
3. That a check be made to probe the illogical and fraudulent situation which exists between the advertised and marked prices and that a recommendation for correction be made to the market managers.
4. That funds be made available to train testers in the use of the survey instrument to further reduce the chance of judgemental errors.
5. That possible price gouging in Newark in sales of other commodities be investigated by similar techniques and instruments.

PRICE AVERAGE COMPARISON OF CITY/SUBURBAN STORES



Legend



City Store



Suburban Store



City Average Price \$18.61



Suburban Average Price \$18.72

EXPLANATION OF CHART

The chart on the opposite page compares the average price for each chain visited for the suburban and city market. Although the five chains differed in prices, there was no pattern found of higher pricing for inner city stores. Often the suburban stores charged more for a product than the sister city shop. Finally, the average of all the suburban market prices (\$18.72) is \$.11 higher than the average of all the city market prices (\$18.61).

DATA DESIGN METHODOLOGY AND COMPUTATION

The questionnaire instrument was divided into two parts: a list of items to be priced and a series of nine questions designed to provide an index of the quality of merchandise and service available. Each tester was to enter his assigned store and with his partner, price the items listed and then evaluate the particular shop by means of the open-ended instrument. The team concept was employed in any attempt to eliminate individual biases.

Should the team have been stopped by the store management, they were instructed to explain that they were "pricing for a club party and must report prices to the treasurer before making any purchases."

After the questionnaires were completed, an analysis was done on both the descriptive and statistical significance of the data collected. In the analysis process, supermarket advertisements from the studied chains were clipped and compared to our findings.



COMPUTATION

The difference between means for uncorrelated data and the "t" ratio were used for analysis. The mean prices for all the suburban and city markets were obtained and the standard deviations were computed. The null hypothesis about these two means (\$18.72 and \$18.61) requires the difference between these two means to be zero ($H_0 - M_1 - M_2 = 0$). Thus this difference between means (\$.11) is merely a chance deviation when the population value for the difference is zero. After computation, we obtained a Z score of (.25). The Alpha score was set at .05 which meant that on basis of the normal curve, the null hypothesis was accepted. The null hypothesis was allowed to stand, i. e., there is no statistically significant difference between the two means. Any apparent difference is attributed to chance. (There are five chances in 100 that we were wrong.)



APPENDIX I

List of Markets

1. Acme, Lincoln Park and Clinton Avenue, Newark
Acme, 100 S. Essex Avenue, Orange
2. A&P, Spruce & Somerset Street, Newark
A&P, Morris Avenue, Short Hills, Springfield
3. Food Fair, 537 Orange Street, Newark
Food Fair, 910 Springfield Avenue, Irvington
4. Good Deal, 543 Springfield Avenue, Newark
Good Deal, 10 Mill Road, Irvington
5. United Foodtown, 306 Springfield Avenue, Newark
United Foodtown, 16 North Day Street, Orange

APPENDIX II

List of Studies

1. Consumer Problems in the Poor: Supermarket Operations in Low Income Areas and the Federal Response-Hearings.
Before a subcommittee on Government Operations House of Representatives. 90th Congress-2nd session 10/12 and 11/24, 25/67.
2. Caplovitz, David. The Poor Pay More. Free Press of Glencoe. New York, 1963.
3. Illustrated Life, "Mrs. West's Chain-Reacting Boycott to Food Prices." V. 61: 57-58, N. 4 "66.
4. Illustrated Business Week. "Housewives Skew Higher Food Prices." 0'22'66,42-43.

Items 5-17 refer to groups responsible for studies of the problem area in their locality.

5. Louisville Jaycees in Cooperation with the Louisville-Jefferson County Youth Commission. Louisville, Ky. 1/69.
6. J. Hugo Warren of the New Observer (V. 6 no. 22), Washington, D.C. 8/31/68.
7. Drs. Marcus Alexis and Leonard S. Simon, Professors of Business Administration, University of Rochester.
8. WKRC, Taft Broadcasting Co., Cincinnati, Ohio, 7/17/68.
9. Baltimore Community Relations Commission, Baltimore, Maryland, 6/68.
10. Gene Murphy, Staff Writer, Los Angeles Times, 11/68.
12. Better Business Bureau of St. Louis, St. Louis, Missouri, 6/68.

APPENDIX II

List of Studies

13. Marquette University, Marketing Dept., Milwaukee, Wise. 4/67.
14. United Planning Organization, Grocery Shopping in Washington, D.C.
3/10/66.
15. Consumer and Marketing Service, U. S. Department of Agriculture.
Comparison of Prices for Selected Foods in Chain Stores in High and
Low Income Areas of Six Cities, Washington, D.C. 6/68.
16. New York City Council on Consumer Affairs, 7/67, C. E. Wright,
Summer Participation in the Program of the New York City Council
on Consumer Affairs, Cornell.
17. Committee on Government Operations Consumer Problems of the
Poor: Supermarket Operations in Low Income Areas and the Federal
Response: Union Calendar No. 775, House Repr., No. 1851, Washington,
D.C., 8/7/68.

APPENDIX III

NAACP CONSUMER PROGRAM QUESTIONNAIRE

ITEM	BRAND	SIZE/or (Quantity Amount)
Milk		1 Gallon
White Bread	Store's Brand	1 1/2 lb.
White Bread	Arnold	2 lb.
Eggs- White	Store's Brand or Indicate Other	1 dozen Grade A
Butter	Hotel Bar	1 lb.
Margarine	Blue Bonnet	1 lb.
Coffee	Maxwell House	2 lb. reg.
Regular Flour	Pillsbury's	5 lb. bag
Granulated Sugar	Jack Frost's	5 lb. bag
Toilet Tissue	Scott	4 rolls
Detergent	Tide	3 lb. & 1 oz. box
Bleach	Clorox	1 Gallon
Spaghettio's	Armour	15 oz. can
Soda	Pepsi	6 pack - 16 oz. cans
Soda	Fresca	6 pack - 12 oz. cans
Soda	Store's Brand	6 pack - oz. cans
Dry Cereal	Kellogg's Rice Krispies	10 oz. box
Soup	Chicken Noodle (Campbell's)	10 1/2 oz. can
Grits	Quaker	24 oz. box
Corn Meal	Quaker	24 oz. box
Rice	Carolina	1 lb. box
Baby Lima Beans	Peak Brand or Indicate Brand	16 oz. bag

ITEM	BRAND	SIZE/or (Quantity Amount)
Babyfood	Gerber Vegetable	4 1/2 oz. jar
Can Milk	Pet	4 1/2 oz. jar
Pork & Beans	Campbell's	16 oz. can
All Beef Hot Dogs	Skinless Swift Premium	1 lb.
Loin Pork Chops		per lb. price
Cut-up Chicken		per lb. price
Whole Chicken		per lb. price
Ground Chuck		per lb. price
Sliced Bacon	Oscar Mayer	1 lb. price
Sliced Bacon	Store's Brand	1 lb. price
Oranges	Sunkist	10
Fresh Turnips		per lb. price
Fresh Sweet Potatoes		per lb. price
Fresh White Potatoes		per lb. price
Fresh String Beans		per lb. price

Continued Part (2) Questionnaire

Please Answer the following by checking (1) one category and making any pertinent category.

1) Are the products visibly offered in different size containers

- ☐ 1) One size only
- ☐ 2) 2 different sizes
- ☐ 3) 3 or more different sizes
- ☐ 4) Other comments _____

2) Assess how the merchandise is displayed

- 1) Neatness
 - ☐ A) Very good
 - ☐ B) Satisfactory
 - ☐ C) Poor

- 2) Cleanliness
 - ☐ A) Very good
 - ☐ B) Satisfactory
 - ☐ C) Poor

- 3) Accessibility
 - ☐ A) Very Good
 - ☐ B) Satisfactory
 - ☐ C) Poor

4) OTHER COMMENTS: _____

3) Assess the cleanliness of the store.

- ☐ 1) Very good
- ☐ 2) Satisfactory
- ☐ 3) Poor
- ☐ 4) Other Comments: _____

4) Assess the variety of food available.

- ☐ 1) Satisfactory
- ☐ 2) Unsatisfactory
- ☐ 3) Other Comments: _____

5) Assess the grade or quality of meat, veg., fruit and dairy products.

___ 1) Quality seems very good

___ 2) Satisfactory

___ 3) Poor

___ 4) Other comments: _____

6) Assess the freshness or condition of the meat, veg., fruit produce.

___ 1) Very good

___ 2) Satisfactory

___ 3) Poor

___ 4) Other Comments: _____

7) Assess the sales service by asking for an item or asking to have an item weighed.

1) Is a Clerk available?

___ Yes

___ No

2) Is the Clerk friendly?

___ Yes

___ No

3) Is the service efficient (in terms of time & accuracy weight)

___ Yes

___ No

4) Other Comments: _____

8) Does the store give stamps?

___ 1) Yes

___ 2) No

9) Please make any additional comments, criticisms, or suggestions which you feel are pertinent.

APPENDIX IV

PRICE LISTS FROM STORES SHOPPED

\$ 1.03	\$ 1.03	\$ 1.03	\$ 1.03	\$ 1.03	\$ 1.03	\$.96	\$.96	\$1.03	\$.96
.39	.39	.34	.34	.34	.25	.25	.25	.33	.19
.59	.59	.49	.59	.59	.59	.59	.59	.49	.57
.67	.71	.67	.69	.63	.71	.69	.69	.67	.67
.86	.86	.87	.87	.87	.82	.86	.86	.78	.86
.34	.34	.35	.29	.33	.45	.34	.34	.32	.29
1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37
.53	.53	.55	.69	.67	.59	.49	.49	.57	.57
.63	.63	.63	.63	.83	.63	.61	.61	.61	.61
.13	.13	.50	.13	.50	.13	.13	.13	.50	.13
.77	.77	.77	.77	.81	.77	.77	.77	.77	.79
.52	.52	.70	.52	.55	.49	.49	.52	.53	.53
.18	.31	.18	.33	.33	.33	.16	.20	.31	.67
.87	.87	.89	.89	.89	.89	.89	.89	.89	.93
.89	.87	.89	.89	.89	.89	.89	.89	.89	.87
.69	.69	.59	.49	.89	.08	.08	.79	.43	.79
.36	.36	.37	.45	.37	.45	.36	.36	.36	.37
.14	.15	.20	.17	.17	.18	.13	.13	.15	.15
.25	.25	.24	.22	.23	.24	.25	.25	.24	.24
.18	.27	.22	.23	.23	.23	.23	.23	.25	.31
.22	.20	.21	.21	.21	.21	.39	.35	.21	.17
.25	.39	.31	.21	.27	.39	.32	.32	.25	.31
.11	.11	.11	.11	.11	.11	.11	.11	.11	.14
.09	.09	*	*	.18	.10	.10	.10	.10	.10
.15	.22	.17	.18	.17	.18	.15	.15	.15	.15
.68	.49	.85	.83	.89	.85	.69	.69	.75	.79
.69	.69	1.15	1.15	.79	1.19	1.15	.59	.29	.29
.42	.42	.31	.31	.31	.47	.51	.53	.49	.49
.38	.38	.27	.39	.49	.43	.39	.39	.49	.49
.69	.66	.69	.69	.75	.69	.75	.75	.69	.69
1.10	1.10	.99	.99	.99	.89	.85	.85	.89	.89
.68	.68	.75	.86	.74	.79	.69	.75	.65	.69
.49	.49	.59	.59	.06	.69	.39	.39	.10	.49
.09	.09	.08	*	.08	.7	.29	.10	.09	.07
.18	.20	.23	.19	.19	.19	.39	.39	.15	.29
.08	.08	.15	.07	.15	.13	.10	.49	.09	.09
.49	.49	.39	.39	.39	.49	.29	.39	.29	.37

Note: Prices refer to grocery items in Appendix III.

* Shopped items were not available in store.

SURVEY AND REPORT BY
THE NEWARK N.A.A.C.P.

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